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**The Public Record**

**China's Theft of U.S. Nuclear Secrets**

"China Stole Nuclear Secrets from Los Alamos, U.S. Officials Say," headlined the *New York Times* on March 6, 1999. What followed was an alarming story cataloging how a scientist in a government laboratory stole U.S. secrets allowing the People's Republic of China to develop more advanced compact nuclear weapons.

Equally disturbing was the article's description of the Administration response being "marked by delays, inaction and skepticism — even though senior intelligence officials often regarded it as one of the most damaging spy cases in recent history."

Yet this was not the first report of this incident of espionage, or indeed of other like incidents involving China. China's acquisition of secret design information about the W-88 warhead — the most advanced nuclear warhead in the U.S. arsenal — was first reported by the *Wall Street Journal* on January 7, 1999. On February 17, 1999, the *Washington Post* also published an article on this critical national security matter.

Senator Richard Shelby (R-AL), Chairman of the Senate Select Committee on Intelligence, has announced that his Committee will hold closed hearings starting Wednesday, March 17, with Energy Secretary Bill Richardson and FBI Director Louis Freeh as the first witnesses.

What follows is a compilation of public reporting about Chinese espionage efforts at U.S. nuclear labs, which assert that Beijing's acquisition of secret data on the W-88 warhead is the most serious loss resulting from China's 20-year espionage effort at U.S. nuclear labs [See *New York Times*, 3/6/99; *Wall Street Journal*, 1/7/99; *Washington Post*, 2/17/99 and 3/9/99.]

- As previously described, the W-88 is the United States' most advanced miniature nuclear warhead; it sits atop the Trident II Submarine Launched Ballistic Missile (SLBM). China's acquisition of this information is believed to have greatly reduced the time it took Beijing to develop its first miniaturized nuclear device.
- Although China's acquisition of information on the warhead is believed to have occurred in the mid-1980's, the espionage was not detected until 1995, when American experts analyzing Chinese nuclear test results found similarities to the W-88.
- According to the March 6 *New York Times*: in April 1995, "senior nuclear weapons experts at Los Alamos, poring over data from the most recent Chinese underground tests, had detected eerie similarities between the latest Chinese and U.S. bomb designs. From what they could tell, Beijing was testing a smaller and more lethal nuclear device configured remarkably like the W-88."
- Two months later, the CIA reportedly acquired what appeared to be a Chinese government document from 1988 describing that country's nuclear weapons program. According to the *Times*, this document "specifically mentioned the W-88 and described some of the warhead's key design features."
- In late 1995 or early 1996, the head of the Department of Energy's (DOE) intelligence group took this information to the FBI. A team of FBI agents and Energy Department officials reportedly traveled to the three weapons labs and reviewed travel and work records of lab scientists who had access to the relevant technology. The team narrowed its focus to five possible suspects, including Wen Ho Lee, a Chinese-American computer scientist at the Los Alamos National Laboratory where the W-88 had been designed. The *New York Times* quotes an unnamed U.S. official as saying Lee "stuck out like a sore thumb."
- In April 1996, DOE reportedly briefed CIA officials and National Security Advisor Sandy Berger for the first time on the theft of W-88 information.
- By mid-1996, the FBI had opened a formal criminal investigation into the matter, but assigned few resources to the case and made little progress for about a year. In April 1997, however, the FBI did issue a report on improving security at the DOE labs.
- DOE intelligence officials again briefed Sandy Berger in July 1997, and according to the *New York Times* told him that in addition to the loss of information about the W-88, "there was evidence of several other Chinese espionage operations that were still under way inside the weapons labs." Berger reportedly first briefed President Clinton on the subject at this time and kept him updated over the next few months.

## Competing Intelligence Assessments

- According to the *New York Times*, in 1997 the White House requested a CIA analysis of how China had developed its smaller nuclear warheads. "The areas of agreement between DOE and CIA were that China definitely benefitted from access to U.S. nuclear weapons information that was obtained from open sources, conversations with DOE scientists in the United States and China, and espionage," according to an unnamed U.S. official cited by the *Times*.
- The differences in analysis between the two agencies were summed up by a U.S. official quoted in the *Times* article as follows: While DOE attributed China's development of a new nuclear warhead solely to the acquisition of U.S. information, the CIA reportedly believed that in addition to data acquired from espionage in the United States, the Chinese benefitted from Russian assistance and their own indigenous efforts.

## Criminal Investigation

- According to the *New York Times*, a little over a year after it opened a formal investigation, the FBI reportedly concluded it did not have enough evidence to arrest the suspect at Los Alamos and also did not have sufficient evidence to obtain a secret wiretap. The FBI investigation was hampered by the fact that the espionage had taken place about 10 years earlier, and investigators were unable to uncover indications of any activity the suspect had taken on behalf of the Chinese in the intervening decade.
- Despite being told by FBI Director Freeh in September 1997 that the suspect did not need to remain in his sensitive post in order for the Bureau to continue to monitor his activities, DOE allowed the suspect to keep his job and retain his security clearances for more than a year.
- The suspect was given polygraph tests by DOE last December and by the FBI last month and was found to be deceptive. He has refused to cooperate with the FBI investigation. As a result, Energy Secretary Richardson recommended that the suspect, who is a contract employee to the University of California (which operates the Los Alamos Lab) be fired. The employee was terminated on Monday March 8, 1999.

## Administration Moves to Tighten Lab Security

- Nearly two years after Sandy Berger was first briefed on the issue, the National Security Council began to draft a new counterintelligence program for the labs, and President Clinton signed the order mandating the new measure in February 1998. In April of that year, a former FBI counterintelligence agent, Ed Curran, was named to run a more vigorous counterintelligence office at DOE headquarters.

- Last fall, shortly after taking over as Energy Secretary, Bill Richardson was briefed on the problem and according to the *Times*, quickly reinstated background checks on all foreign visitors, a move recommended 17 months earlier by the FBI. He reportedly also doubled the counterintelligence budget and placed more FBI counterintelligence experts at the labs.

## **Other Cases of Chinese Espionage at DOE Labs**

According to the *Wall Street Journal*, the W-88 case is the third major Chinese espionage effort uncovered at DOE labs over the last two decades.

- In January 1999, the *Journal* reported that in the late 1970's, a Taiwan-born American scientist working at the Lawrence Livermore laboratory "passed classified information to Beijing about the U.S. neutron-bomb program. A decade later, China tested a neutron warhead, but hasn't deployed one. The scientist was fired but never arrested due to a lack of hard evidence."
- The same article noted that in the mid-1980's, Peter Lee, another Taiwan-born American scientist working at Los Alamos "passed classified information to China about U.S. laser technology. The lasers, according to officials, can be used to simulate nuclear explosions for either weapons design or stockpile maintenance." As part of a plea-bargain agreement, Mr. Lee was sentenced last year to a year in a halfway house.

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